

LEND-LEASE SETTLEMENT

Agreement, with appendixes and exchanges of notes, signed at Washington May 28, 1947

Entered into force May 28, 1947

Period for purchase of surplus property extended by arrangements of December 10, 1947,¹ February 24, 1948,¹ and June 10, 1948¹

Paragraph 4A(1) supplemented by agreement of June 1 and 8, 1950²

61 Stat. 3924; Treaties and Other
International Acts Series 1750

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE KINGDOM OF THE NETHERLANDS REGARDING SETTLEMENT FOR LEND-LEASE, RECIPROCAL AID, SURPLUS PROPERTY, MILITARY RELIEF, AND CLAIMS

The Government of the United States of America (hereinafter referred to as the United States Government) and the Government of the Kingdom of the Netherlands (hereinafter referred to as the Netherlands Government), comprising the Kingdom in Europe, the Netherlands Indies and the Territories of Surinam and Curaçao, have reached an understanding regarding a settlement for lend-lease and reciprocal aid, for certain surplus property, for the Netherlands Government's obligation to the United States Government for civilian supplies furnished as military relief in the Netherlands and in the Netherlands Indies, and for other financial claims of each Government against the other arising out of the conduct of the war. This settlement is complete and final, and both Governments agree that, except as herein specifically provided, no further benefits will be sought by either Government as consideration for the foregoing. In arriving at this understanding, both Governments have recognized the benefits accruing to each from their contributions to the defeat of their common enemies, and have adhered to and hereby reaffirm their adherence to the principles expressed in Article VII of the Preliminary Agreement on Principles Applying to Mutual Aid in the Prosecution of the War Against Aggression, signed on July 8, 1942.³

¹ Not printed.

² 1 UST 638; TIAS 2119.

³ EAS 259, *ante*, p. 142.

1. Amount Due

As used in this Agreement the "total principal amount" due from the Netherlands Government to the United States Government is the sum of:

A. \$67,500,000, which is agreed by the two Governments to be the net amount due from the Netherlands Government to the United States Government with respect to lend-lease, reciprocal aid, civilian supplies furnished as military relief in the Netherlands (Plan A) and in the Netherlands Indies, certain aircraft heretofore sold by the United States Government to the Netherlands Government, certain claims between the two Governments settled by this Agreement, and guilders in the accounts of finance officers of the United States armed forces, and

B. The amount due to the United States Government from the Netherlands Government under the \$30,000,000 line of credit (referred to in paragraph 5 of this Agreement) for the purchase of surplus property.

The terms of payment of the total principal amount are set forth in paragraph 6 of this Agreement.

2. Military Relief and Related Operations

In view of the benefits accruing to the two Governments from their contributions to the common war effort and in view of the payment specified in sub-paragraph 1A of this Agreement and of the other provisions of this Agreement:

A. The obligation of the Netherlands Government for the United States Government's share of the combined bills for civilian supplies furnished as military relief in the Netherlands (Plan A) is considered settled. The Netherlands Government recognizes that the settlement hereby made with the United States Government in no way impairs the obligation of the Netherlands Government to the United Kingdom and Canadian Governments for their shares of the combined claim for Plan A.

B. The United States Government's share of guilder proceeds from the sale of Allied publications distributed in the Netherlands in connection with military operations reverts to the Netherlands Government.

3. Intergovernmental Claims⁴

A. The following financial claims between the two Governments will be settled and paid in dollars in accordance with procedures already established:

(1) Claims of the United States Government for the cost of lend-lease supplies and services transferred to the Netherlands Government by the

⁴ See also exchanges of notes relating to para. 3, p. 202.

United States Government on cash reimbursement terms not subsequently converted to other terms, and claims of the Netherlands Government for the excess of the amounts deposited by it with the United States Government under cash reimbursement lend-lease requisitions (including requisitions subsequently converted wholly or partly to other terms) over the cost of supplies and services transferred thereunder to the Netherlands Government on cash reimbursement terms not subsequently converted to other terms.

(2) Balance owing to the Netherlands Government under the portion of the agreement described in the Memorandum signed on May 30, 1942 by representatives of the United States Department of State and Office of Lend-Lease Administration whereby the United States Government took over the war material in the United States procured by, or at that time under contracts in the United States let by, the Netherlands Government.

(3) Claims covered by the "Memorandum Concerning Disposition of and Payment for Cargoes Carried on Twelve Dutch Ships Diverted to Australia", dated December 20, 1944, and claims covered by the "Memorandum Concerning Disposition of and Payment for Certain Aircraft and Gun Parts Shipped to Australia by Netherlands Purchasing Commission", dated December 20, 1944.

(4) Claims of either Government against the other arising under the terms of the Netherlands-American Charter Plan dated March 6, 1942.

(5) Claims of either Government against the other arising under the "bareboat out-time charter back" chartering arrangements, including claims of the Netherlands Government against the United States Government as war or marine risk insurer or assumer by reason of (a) any loss or damage to the chartered vessel or (b) any claims against the chartered vessel other than (i) those waived or assumed under this Agreement, (ii) those waived or assumed by a third government or UNRRA under any present or future agreement with the United States Government, and (iii) those subject to the practice of the United States Government regarding interdepartmental waiver of claims.

(6) The claim of the Netherlands Government for repayment of the net balance of guilders advanced by it to the United States War Shipping Administration.

(7) The claim of the Netherlands Government for the repayment of the payment previously made to the United States Government under the "Agreement between the United States of America and the Kingdom of the Netherlands under Section 3(c) of the Lend-Lease Act", signed on April 30, 1945.⁵

B. To avoid the necessity of making adjustments hereafter in certain accounts and to facilitate the determination of certain amounts payable

⁵ EAS 480, *ante*, p. 158.

under sub-paragraph 3A of this Agreement, the two Governments agree upon \$17,820,000 as the cost of supplies and services transferred to the Netherlands Government through the agency of the United States War and Navy Departments, on cash reimbursement terms not subsequently converted to straight lend-lease terms, under lend-lease requisitions which, when filed by the Netherlands Government, called for direct cash reimbursement, but not including lend-lease requisitions filed directly with the United States Navy Department. This sum of \$17,820,000, heretofore paid by the Netherlands Government, includes an allowance for charges not yet reported and is not subject to adjustment. Such allowance will be disregarded in determining claims under subparagraph 3A(3) of this Agreement.

C. The two Governments have agreed upon arrangements and procedures with respect to payment for articles and services procured in the Kingdom of the Netherlands for the United States armed forces and certain aircraft procured by the United States armed forces in the United States from the Netherlands Government and with respect to the return to the Netherlands Government of guilders held by the United States armed forces.

D. The claims between the two Governments listed in Appendix 1 hereto are among those settled by this Agreement and appropriate allowances have been made therefor in computing the net amount due from the Netherlands Government to the United States Government under sub-paragraph 1A of this Agreement.

E. The following arrangements are agreed on with respect to the time during which the large U.S. 7(c) ships and the small U.S. 7(c) ships (as defined in Appendix 1 hereto), as the case may be, were severally operated by the Netherlands Government for the United States Government during the 7(c) period (as defined in Appendix 1 hereto) :

(1) The United States Government will bear the cost of all services and supplies, not hitherto paid for by the Netherlands Government, furnished by the United States Government to the Netherlands Government for the large U.S. 7(c) ships and the small U.S. 7(c) ships during such time.

(2) The Netherlands Government will retain all earnings, if any, arising from the commercial carriage of passengers and cargo on the large U.S. 7(c) ships and the small U.S. 7(c) ships during such time.

(3) The Netherlands Government will process all claims against the United States Government, or respecting which the ultimate liability is that of the United States Government, arising from the commercial carriage of passengers and cargo on the large U.S. 7(c) ships and the small U.S. 7(c) ships during such time, and will discharge the liability of the United States Government with respect thereto, except to the extent that third Governments have already undertaken to do so without being reimbursed in cash.

F. As further specified in Appendix 2 hereto, each Government waives all its claims against the other which arose out of requisitioning for use in the war program of property of the claimant Government and, except as provided in sub-paragraph 3A(5) of this Agreement, all its claims against the other, and all its claims respecting which the ultimate liability is that of the other, which arose out of maritime incidents occurring on or after May 10, 1940 and prior to July 1, 1946.

G. Each Government waives all other financial claims against the other Government not otherwise dealt with in this Agreement which

(a) have arisen or may hereafter arise out of lend-lease or reciprocal aid, or

(b) otherwise arose out of incidents occurring on or after May 10, 1940 and prior to July 1, 1946 connected with or incidental to the conduct of the war,

except

(1) claims arising out of established arrangements where liability has heretofore been acknowledged and the method of computation agreed;

(2) claims arising out of retransfers, consented to by the United States Government after December 31, 1946, of lend-lease articles by a third government to the Netherlands Government; and

(3) claims presented in accordance with the practice whereby one government espouses a claim of one of its nationals and submits it through diplomatic channels to another government.

4. Private Claims

A. The Netherlands Government will process the claims described in the following sub-paragraphs (1) to (4) and will discharge the liability with respect thereto of the United States Government and of the individuals, firms and corporations against whom such claims are asserted as there described, except to the extent that third governments have already undertaken to do so without being reimbursed in cash, namely:

(1) Claims against the United States Government, or respecting which the ultimate liability is that of the United States Government, arising from maritime incidents (including those specified in Appendix 2 hereto) occurring on or after May 10, 1940 and prior to July 1, 1946, asserted or about to be asserted in courts of the Kingdom of the Netherlands, or asserted anywhere by individuals, firms and corporations, subjects of the Kingdom of the Netherlands at the time of the event giving rise to the claim, but not including claims of Netherlands subjects based upon service as seamen. In addition, as part of the general settlement, the Netherlands Government, without giving rise to any financial obligation on the part of the United

States Government, will, at the request of the United States Government, take such steps as may be necessary, including the assumption of financial responsibility, to release vessels and cargoes belonging to the United States Government from legal actions brought to enforce any such claims.⁶

(2) Claims of individuals, firms and corporations, domiciled in territory of the Kingdom of the Netherlands at any time between May 10, 1940, and September 2, 1945 (except individuals who are exclusively United States nationals) against the United States Government, its contractors or sub-contractors, for royalties under contracts for the use of inventions, patented or unpatented, or for infringement of patent rights, in connection with war production carried on or contracted for prior to September 2, 1945 by the United States Government, its contractors or sub-contractors.

(3) Claims, whether contractual or non-contractual, against the United States Government and against members of its armed forces and civilian personnel attached thereto arising out of acts or omissions in territory of the Kingdom of the Netherlands of members of such armed forces or such civilian personnel, both line-of-duty, and non-line-of-duty, occurring on or after May 10, 1940 and prior to September 2, 1945 in the case of contracts, and occurring on or after May 10, 1940 and prior to July 1, 1946 in the case of other acts or omissions.

(4) Claims of individuals, firms and corporations, subjects of the Kingdom of the Netherlands at the time of the event giving rise to the claim, against the United States Government arising out of the requisitioning (as specified in Appendix 2 hereto) for use in the war program of property located in the United States in which the claimant asserts an interest.

B. An appropriate allowance for the undertaking of the Netherlands Government in sub-paragraph 4A of this Agreement has been made in computing the net amount of \$67,500,000 due from the Netherlands Government to the United States Government under sub-paragraph 1A of this Agreement.

5. Surplus Property

A. The two Governments agree that their rights and obligations in connection with the line of credit for the purchase of surplus property heretofore granted by the United States Government in the amount of \$30,000,000 (originally \$20,000,000) shall be as stated in this Agreement; and the letters dated May 14, 1946 and December 9, 1946, from the United States Central Field Commissioner for Europe, Office of the Foreign Liquidation Commissioner, to the Netherlands Treasurer General, accepted by the Netherlands Government, establishing the line of credit, and subsequent communications relating thereto, are superseded by this Agreement. Like provision regarding the rights and obligations under the line of credit for the purchase of surplus

⁶ For an agreement of June 1 and 8, 1950, relating to interpretation and implementation of para. 4A(1), see 1 UST 638; TIAS 2119.

property heretofore granted by the United States Government to the Netherlands Indies Government in the amount of \$100,000,000 is made in a separate agreement signed concurrently herewith by the United States Government and the Netherlands Indies Government.⁷

B. The terms of payment of the amount due under the \$30,000,000 line of credit shall be as stated in paragraph 6 of this Agreement. This change from the original terms of payment, and the like change regarding the \$100,000,000 line of credit made in the separate agreement signed concurrently herewith by the United States Government and the Netherlands Indies Government, have been consented to by the United States Government as part of the general settlement herein made.

C. The \$30,000,000 line of credit is for use in purchasing prior to January 1, 1948⁸ United States surplus property, wherever situated, made available by the Office of the Foreign Liquidation Commissioner.

D. Charges heretofore made against the \$30,000,000 line of credit shall continue to be charges against it as from the respective dates of the charges, but, with respect to the accrual of interest, shall be subject to the provisions of sub-paragraph 6C of this Agreement. The bulk sales of surplus property in the Territories of Curaçao and Surinam shall be charges against the \$30,000,000 line of credit.

E. Procedural arrangements heretofore made in connection with the \$30,000,000 line of credit shall continue in force until changed.

6. Terms of Payment

A. The Netherlands Government undertakes that, as and when the amounts payable by the United States Government under sub-paragraph 3A of this Agreement are paid, it will pay equivalent amounts in dollars to the United States Government up to a total of \$19,500,000, in partial payment of the total principal amount due from it to the United States Government.

B. The remainder of the total principal amount due from the Netherlands Government to the United States Government will be paid by the Netherlands Government to the United States Government in dollars in thirty annual instalments, which shall become payable on July 1 of each year beginning July 1, 1951. The first instalment shall be equal to one-thirtieth of the unpaid portion as of July 1, 1951 of the total principal amount. Each subsequent instalment shall be equal to so much of the unpaid portion (as of the date of the instalment) of the total principal amount as has not previously become payable, divided by the number of instalments that have not previously become payable.

⁷ TIAS 1750, *ante*, vol. 8, p. 1250, INDONESIA.

⁸ Period for purchase extended to Dec. 31, 1948, by arrangements of Dec. 10, 1947, Feb. 24, 1948, and June 10, 1948 (not printed).

C. Interest will be paid to the United States Government by the Netherlands Government in dollars at the fixed rate of two percent per annum on \$50,000,000 (which is agreed to be the net sum of such of the charges constituting the total principal amount as are attributable to the period before July 1, 1946) for the period from July 1, 1946 through June 30, 1947, and, accruing from July 1, 1947, on the unpaid remainder of the total principal amount. With respect, however, to charges made under the \$30,000,000 line of credit, interest shall accrue from the first day of July next following the date on which each charge is made. With respect to the amount of any reduction in the total principal amount under the terms of sub-paragraph 6D and paragraph 7 of this Agreement interest for the period from the preceding July 1 shall be charged only to the date of such reduction. Interest shall be payable annually on July 1 of each year beginning July 1, 1947.

D. The Netherlands Government may at any time or times make payments to the United States Government under this Agreement of amounts not then payable or larger than are then payable. Any such payments will be credited first to past due interest, if any, and then to past due instalments, if any, and then to the unpaid remainder of the total principal amount.

E. If by agreement of both Governments it is determined that because of extraordinary and adverse economic conditions arising during the course of payment, any of the periodic payments of interest, of principal, of interest and principal, or of any part thereof would not be to the common advantage of both Governments, payment may be postponed on such terms and conditions as may be agreed.

7. Provision of Netherlands Currency and of Property

A. The Netherlands Government, when requested by the United States Government, will make available at any time or times, by payment to the United States Government or to such persons or organizations as the United States Government may designate, Netherlands currency in any amount (computed as provided in sub-paragraph 7E of this Agreement) not in excess of the then unpaid portion of the total principal amount plus past due interest, for:

(1) The payment of any or all of the ordinary governmental expenditures in the Kingdom of the Netherlands (other than the Netherlands Indies) of the United States Government or any department or agency thereof;

(2) The acquisition of real property, improvements thereon or furnishings therefor, agreed upon by the two Governments; and

(3) The payment of the cost of educational programs agreed upon by the two Governments.

B. In case the United States Government wishes to acquire any property (located in the Kingdom of the Netherlands, other than the Netherlands Indies), real or personal, tangible or intangible (other than for export except

by mutual agreement), or to improve or furnish any property so located in which it has an interest, the Netherlands Government will at any time or times, as requested by the United States Government, enter into negotiations, and use its best efforts consistent with its public policy, to reach an agreement with the United States Government whereby there will be delivered to the United States Government the properties, improvements or furnishings which the United States Government desires or which the representatives of the United States Government have selected. Representatives of the United States Government may at their discretion conduct discussions directly with owners of property or with contractors for improvements or furnishings as to fair terms and prices prior to the delivery of such property or improvements or furnishings to the United States Government.

C. The United States Government declares that it is now its intention to request that Netherlands currency be made available for agreed educational programs under sub-paragraph 7A of this Agreement to the value of \$5,000,000 and that it is now its intention to request that Netherlands currency be made available for, or that there be delivered, real property, improvements and furnishings, or both, under sub-paragraphs 7A and 7B of this Agreement to the value of \$8,700,000. This statement of intention does not prevent the United States Government from later proposing different amounts from these in these connections. The foregoing amounts are inclusive of amounts heretofore requested under corresponding arrangements hitherto existing under the \$30,000,000 line of credit.

D. The dollar equivalent (computed in accordance with sub-paragraph 7E of this Agreement) of any Netherlands currency made available and of the Netherlands currency value of any properties, improvements and furnishings delivered under this paragraph 7 or under corresponding arrangements hitherto existing under the \$30,000,000 line of credit shall be credited first to interest, if any, and then to instalments, if any, past due to the United States Government under this Agreement and then to the unpaid remainder of the total principal amount due under this Agreement.

E. Any Netherlands currency made available and the Netherlands currency value of any properties, improvements and furnishings delivered under this paragraph 7 or under corresponding arrangements hitherto existing under the \$30,000,000 line of credit will be valued at the par value between such currency and dollars established in conformity with procedures of the International Monetary Fund, or, if no such par value exists, at the rate most favorable to the United States Government used by the Netherlands Government in any official transaction at the time of the request by the United States Government that such currency be made available or that such properties, improvements or furnishings be delivered.

8. Silver

Nothing in this Agreement affects the obligation of the Netherlands Gov-

ernment in connection with silver transferred to it by the United States Government under lend-lease.

9. Transfer of Title

A. Except as provided in sub-paragraphs 9B and 9C of this Agreement, the United States Government and the Netherlands Government receive full title, without qualification as to disposition or use, to all articles now held by them respectively which were supplied under lend-lease or reciprocal aid, but including retransferred lend-lease articles only to the extent that consent to the retransfer was given by the United States Government before January 1, 1947.

B. Each Government reserves the right of recapture of any arms, ammunition and implements of war (as defined in Appendix 2 hereto) which were supplied under lend-lease or reciprocal aid and are held by the other Government on the date on which notice requesting return is communicated to the other Government (excepting, however, those supplied under lend-lease on cash reimbursement terms not subsequently converted to straight lend-lease terms); but each Government has indicated that it does not intend to exercise generally its right of recapture of such articles. Disposals of such articles in or for use in third countries will be made only with the consent of the supplying Government and with payment to the supplying Government of any proceeds of such disposals. Each Government agrees that all such articles held by it will be used only for purposes compatible with the principles of international security and welfare set forth in the Charter of the United Nations.⁹

C. To the extent required by United States law, naval and merchant vessels which were made available to the Netherlands Government under lend-lease will be returned to the United States Government.

10. Miscellaneous Provisions

A. References in this Agreement to articles supplied under lend-lease, and to lend-lease transfers, include lend-lease articles transferred by the United States Government to a third government and retransferred by the third government to the Netherlands Government.

B. To the extent that the provisions of this Agreement are inconsistent with those contained in any previous agreement, the provisions of this Agreement shall prevail.

C. Nothing in this Agreement affects the obligation of the Netherlands Government under Article IV of the Preliminary Agreement of July 8, 1942, relating to patents.

⁹ TS 993, *ante*, vol. 3, p. 1153.

D. The two Governments agree to conclude such specific agreements as may be necessary to implement this general understanding.

E. This Agreement will be effective upon signature.

DONE at Washington, in duplicate, this twenty-eighth day of May, 1947.

For the Government of the United States of America:

G. C. MARSHALL
*Secretary of State of the
United States of America*

For the Government of the Kingdom of the Netherlands:

A. LOUDON
*Ambassador Extraordinary and Plenipotentiary
of the Kingdom of the Netherlands*

APPENDIX 1

CERTAIN CLAIMS BETWEEN THE TWO GOVERNMENTS SETTLED BY THIS AGREEMENT

As stated in sub-paragraph 3D of this Agreement, the claims between the two Governments listed in this Appendix are among those settled by this Agreement and appropriate allowances have been made therefor in computing the net amount due from the Netherlands Government to the United States Government under sub-paragraph 1A of this Agreement.

I. CLAIMS OF THE NETHERLANDS GOVERNMENT

As used in this Agreement the term "large U.S. 7(c) ships" means the ships listed in Schedule 1 hereto attached, and the term "small U.S. 7(c) ships" means the ships listed in Schedule 2 hereto attached. All these ships were originally among those chartered by the British Minister of War Transport from the Netherlands Government pursuant to the "Memorandum of Arrangement Regarding Netherland East Indies Shipping, 5th June 1942" and allocated to the United States Government. They were the ships later removed from that arrangement, with the concurrence of the United Kingdom Government, by an exchange of notes between the Netherlands Embassy at Washington and the United States Department of State dated June 6, 1945 and July 31, 1945, and they were severally operated by the Netherlands Government for the United States Government in conformity with that exchange of notes for the whole of the 7(c) period (as defined below) or from the beginning of the 7(c) period until they were allocated during the 7(c) period to the United Kingdom Government. The designation "7(c)" derives from the application to these ships of paragraph 7(c) (second sentence) of the Agreement on Principles Having Reference

to the Co-ordinated Control of Merchant Shipping, signed in London on August 5, 1944.¹⁰

The term "7(c) period" means, as used in this Agreement in respect of the large U.S. 7(c) ships and the small U.S. 7(c) ships, the period from midnight May 23, 1945 until the date of redelivery in each case to the Netherlands Government, or until March 2, 1946, whichever was the earlier.

As used in this Agreement the term "June 5 Memorandum" means the above mentioned Memorandum of June 5, 1942.

A. The following claims of the Netherlands Government against the United States Government in connection with the large U.S. 7(c) ships are among those settled by this Agreement:

1. Services and supplies for the large U.S. 7(c) ships during the 7(c) period.

2. (a) Reconditioning and reconversion of the ships listed in Part A of Schedule 1 hereto attached, and (b) reconversion, as distinguished from reconditioning, of the ships listed in Part B of Schedule 1 hereto attached.

- (i) The contribution of the United States Government toward vessel expenses during the respective periods of reconditioning/reconversion, forming part of the allowance for the claims set forth in clauses 2(a) and 2(b) immediately above, has been computed on the basic bareboat rate under the June 5 Memorandum and respective time estimates for reconditioning/reconversion provided by the Netherlands Government.
- (ii) The allowance made by the United States Government for the replacement of furniture has been computed on the basis of the articles named in the respective off-survey reports, and on the basis of the cost of procurement and installation of the furniture at the respective ports of reconversion.
- (iii) The allowance made by the United States Government in respect of reconversion has been made, *inter alia*, on the basis of removing and making good in the way thereof fittings added during the conversion of the ships, and takes account of an allowance made by the Netherlands Government to the United States Government for equipment of the United States Government left aboard. Such equipment becomes the property of the Netherlands Government.
- (iv) The allowance made by the United States Government with respect to reconditioning includes war risk insurance damage to the ships listed in Part A of Schedule 1 hereto attached, in so far as such damage was incurred during the 7(c) period.

3. Costs of medical departments maintained by the Netherlands Government in the United States with respect to the large U.S. 7(c) ships during the 7(c) period.

¹⁰ TIAS 1722, *ante*, vol. 3, p. 891.

4. Services as Accounting Line (agency services) for the large U.S. 7(c) ships with respect to the 7(c) period.

B. The following claims of the Netherlands Government against the United States Government in connection with the small U.S. 7(c) ships are among those settled by this Agreement:

1. Services and supplies for the small U.S. 7(c) ships while they were severally operated by the Netherlands Government for the United States Government during the 7(c) period.

2. Reconversion and reconditioning of the small U.S. 7(c) ships. The claim put forward by the Netherlands Government and the allowance therefor made by the United States Government have been restricted to expenses of reconversion and reconditioning attributable to the use of the ships by the United States Government during the 7(c) period and have been computed on a prorata basis on figures submitted by the Netherlands Government covering the over-all reconversion/reconditioning expenses arising from the date of delivery of the vessels under their basic charterparties in 1942. This claim is without prejudice to claims for additional reconversion/reconditioning expenses under the basic charterparties.

3. Services as Accounting Line (agency services) for the small U.S. 7(c) ships with respect to the period while they were severally operated by the Netherlands Government for the United States Government during the 7(c) period.

C. The following further shipping claims of the Netherlands Government against the United States Government are among those settled by this Agreement:

1. A portion of the costs (not paid by the United States Navy) of arming certain Netherlands ships chartered pursuant to the June 5 Memorandum and allocated to the United States Government.

2. 80%, payable in dollars, of the hire increase on ships chartered pursuant to the June 5 Memorandum (the hire increase being one shilling per deadweight ton per month from July 1, 1944 until redelivery and (due to the waiver of off-hire insurance) sixpence per deadweight ton per month from July 1, 1944 to December 31, 1944). The allowance made by the United States Government in respect of this claim is accepted by the Netherlands Government in satisfaction of its claim under the June 5 Memorandum for 80%, payable in dollars, of such hire increase.

3. Dollar expenditures for free Netherlands ships in United States ports between August 21, 1941 and September 30, 1945 of a type eligible for lend-lease.

4. Charter hire in the amount of \$180,000 under "bareboat out-time charter back" chartering arrangements (claim withdrawn in consideration

of the withdrawal by the United States Government of its claim for reduction of charter hire under such arrangements).

II. CLAIMS OF THE UNITED STATES GOVERNMENT

A. The following claims of the United States Government against the Netherlands Government are among those settled by this Agreement:

1. Equipment of the United States Government left aboard the large U.S. 7(c) ships, as stated in sub-paragraph IA2(iii) of this Appendix.

2. Dollar amounts due for retroactive reverse lend-lease under the exchange of letters between E. C. Zimmerman, Chairman of the Netherlands Purchasing Commission, and Charles Denby, Special Assistant for Reciprocal Aid, Foreign Economic Administration, dated September 20 and 26, 1944.

SCHEDULE 1 OF APPENDIX 1

The Large U.S. 7(c) Ships

PART A:

BOSCHFONTEIN	POELAU LAUT
BRASTAGI	SLOTEDIJK
JAPARA	SOMMELSDIJK
KLIPFONTEIN	TABINTA
KOTA AGOENG	TJISADANE
KOTA BAROE	

PART B:

BLOEMFONTEIN	NOORDAM
KOTA INTEN	WELTEVREDEN

SCHEDULE 2 OF APPENDIX 1

The Small U.S. 7(c) Ships

BONTEKOE	TASMAN
BOTH	THEDENS
MAETSUYCKER	VAN DER LIJN
SWARTENHONDT	VAN HEUTSZ

APPENDIX 2

MEANING OF CERTAIN TERMS

1. Maritime incidents. The term "maritime incidents" as used in sub-paragraphs 3F and 4A (1) of this Agreement includes damages to shore structures, aids to navigation, and port installations, fixed or movable, arising out of marine operations.

2. Requisitioning. As applied to action by the United States Government the term "requisitioning", as used in sub-paragraphs 3F and 4A (4) of this Agreement, means requisitioning and taking over under the Act of Congress of October 10, 1940, 54 Statutes at Large 1090, and amendments thereto, or under the Act of Congress of October 16, 1941, 55 Statutes at Large 742, and amendments thereto, as the case may be.

3. Corporations. The term "corporations", as used in the first sentence of paragraph 4 of this Agreement, includes public bodies of United States nationality of whatever character, and, as used in subparagraphs 4A (1), (2) and (4) of this Agreement, includes public bodies of Netherlands nationality of whatever character.

4. Arms, Ammunition and Implements of War. As used in paragraph 9 of this Agreement the term "arms, ammunition and implements of war" means supplies of the types listed in Proclamation number 2717 of the President of the United States, dated February 14, 1947, 12 Federal Register 1127.

EXCHANGES OF NOTES

An Officer of the Department of State to the Netherlands Minister

DEPARTMENT OF STATE
WASHINGTON
May 28, 1947

MY DEAR MR. DAUBANTON:

In connection with the overall settlement of lend-lease and other war accounts between our two Governments certain cash reimbursement lend-lease requisitions heretofore filed by your Government with this Government have been converted in specified amounts, aggregating \$7,510,785.09, to credit terms.

In accordance with our understanding, the amount so converted has been included in the computation of the net amount of \$67,500,000 due from your Government to this Government under sub-paragraph 1A of the settlement agreement signed today, and payment of the amount converted will therefore be upon the terms set forth in that agreement.

As a result of these actions the amount of \$7,510,785.09 is now refundable to your Government from the amount deposited by your Government under these requisitions. Refund will be made promptly under sub-paragraph 3A (1) of today's agreement.

Sincerely yours,

N. T. N.

Norman T. Ness
*Director, Office of Financial
and Development Policy*

Mr. CH. J. H. DAUBANTON
*Minister Plenipotentiary
Netherlands Embassy
Washington 9, D.C.*

The Netherlands Minister to an Officer of the Department of State

HA-5334

MAY 28, 1947

MY DEAR MR. NESS:

I have your letter of today in which you advise me that certain cash reimbursement lend-lease requisitions heretofore filed by my Government with your Government have, to the extent of \$7,510,785.09, been converted to credit terms.

I am glad to confirm that your letter is in accordance with the understanding of my Government.

Sincerely yours,

CH. J. H. DAUBANTON
Minister Plenipotentiary

Mr. NORMAN T. NESS, *Director*
Office of Financial and Development Policy
Department of State
Washington, D.C.

The Netherlands Ambassador to the Secretary of State

HA-5335

MAY 28, 1947

SIR:

I have the honor to advise you on instructions from my Government that in view of the general terms of the Agreement for the settlement of lend-lease and other war accounts signed today by our two Governments my Government has withdrawn its claims against your Government arising out of the requisitioning by your Government of certain military supplies of the Netherlands Government in 1917 and 1918.

Accept, Sir, the renewed assurances of my highest consideration.

A. LOUDON
Ambassador of the Netherlands

The Honorable
GEORGE C. MARSHALL,
Secretary of State.

The Secretary of State to the Netherlands Ambassador

DEPARTMENT OF STATE
WASHINGTON
May 28, 1947

EXCELLENCY:

I have the honor to refer to your note of today in which you advise me that, in view of the general terms of the agreement for the settlement of

lend-lease and other war accounts signed today by our two Governments, your Government has withdrawn its claims against my Government arising out of the requisitioning by my Government of certain military supplies of the Netherlands Government in 1917 and 1918.

My Government is much gratified at this action on the part of your Government and I desire to express to you and your Government the appreciation of my Government thereof.

Accept, Excellency, the renewed assurances of my highest consideration.

G. C. MARSHALL

His Excellency

Dr. A. LOUDON,

Ambassador of the Netherlands.

The Netherlands Ambassador to the Secretary of State

HA-5336

MAY 28, 1947

SIR:

I have the honor to refer to the Agreement for the settlement of lend-lease and other war accounts signed concurrently herewith by the Government of the Kingdom of the Netherlands, which comprises the Kingdom in Europe, the Netherlands Indies and the Territories of Surinam and Curaçao, and by the United States Government, and have the honor to confirm that the terms of that Agreement have received the concurrence of the Government of the Netherlands Indies, and of the Territorial Governments of Curaçao and Surinam, in so far as these terms relate to these Governments by implication or by direct reference in the text.

With particular reference to paragraph 3, sub-paragraphs F and G, of the Agreement, I am authorized to confirm that the intergovernmental waiver of claims (with the exceptions thereto) is understood to apply as well to obligations and claims between your Government and the Government of the Netherlands Indies, and the Territorial Governments of Surinam and Curaçao, respectively.

Accept, Sir, the renewed assurances of my highest consideration.

A. LOUDON

Ambassador of the Netherlands

The Honorable

GEORGE C. MARSHALL,

Secretary of State.

The Secretary of State to the Netherlands Ambassador

DEPARTMENT OF STATE

WASHINGTON

May 28, 1947

EXCELLENCY:

I have the honor to refer to your note to me of today in which you refer to the Agreement signed concurrently herewith by the Government of the Kingdom of the Netherlands and by the United States Government for the settlement of lend-lease and other war accounts.

I note your confirmation that the terms of the Agreement have received the concurrence of the Government of the Netherlands Indies, and of the Territorial Governments of Surinam and Curacao, in so far as these terms relate to these Governments by implication or by direct reference in the text.

With particular reference to paragraph 3, sub-paragraphs F and G, of the Agreement, I am glad to confirm that my Government shares the understanding that the intergovernmental waiver of claims (with the exceptions thereto) applies as well to obligations and claims between my Government and the Government of the Netherlands Indies, and the Territorial Governments of Surinam and Curacao, respectively.

Accept, Excellency, the renewed assurances of my highest consideration.

G. C. MARSHALL

His Excellency

Dr. A. LOUDON,

Ambassador of the Netherlands.

The Netherlands Ambassador to the Secretary of State

HA-5337

MAY 28, 1947

MY DEAR MR. SECRETARY:

In accordance with arrangements made in 1945, the Netherlands Government advanced to the United States War Shipping Administration a total amount of 5,250,000 Netherlands guilders. These guilders were used by the War Shipping Administration to cover ship disbursements and other expenses in the Netherlands both before and after VJ-Day up to November, 1946.

The Netherlands Government has agreed that the principle of reciprocal aid shall be applied to the period up to November 1, 1945 (VJ-Day + 60) and in the course of the negotiations between representatives of our Governments on the over-all settlement of lend-lease, the United States Maritime Commission, as successor to the War Shipping Administration, has stated a figure of 1,393,438 Netherlands guilders as having been spent during that

period, for the type of expenditure eligible for reverse lend-lease under a broad interpretation of the general principle of reciprocal aid.

It has been agreeable to the Netherlands Government to accept that statement without further proof or investigation. Accordingly the remaining United States obligation is now agreed to be 3,856,562 Netherlands guilders (5,250,000 minus 1,393,438), which will be paid by the United States Maritime Commission to the Netherlands Ministry of Finance before July 1, 1947.

For this repayment the Maritime Commission may first use the Netherlands guilders remaining in the two War Shipping Administration accounts with the Nederlandsche Bank; the then remaining obligation will be paid in United States dollars computed at the rate of \$0.376,953 to the guilder.

If the foregoing is in accordance with your understanding this letter and your reply to that effect will constitute an agreed interpretation of sub-paragraph 3A(6) of today's Agreement between our two Governments regarding settlement for lend-lease and other war accounts.

Sincerely yours,

A. LOUDON

Ambassador of the Netherlands

The Honorable

GEORGE C. MARSHALL,
Secretary of State.

The Secretary of State to the Netherlands Ambassador

DEPARTMENT OF STATE

WASHINGTON

May 28, 1947

MY DEAR MR. AMBASSADOR:

I have your letter of today with regard to the obligations of my Government arising from the advance of a total amount of 5,250,000 Netherlands guilders by your Government to the United States War Shipping Administration.

I am glad to confirm that your letter is in accordance with the understanding of my Government. Your letter and this reply will therefore constitute an agreed interpretation of sub-paragraph 3A(6) of today's Agreement between our two Governments regarding settlement for lend-lease and other war accounts.

Sincerely yours,

G. C. MARSHALL

His Excellency

Dr. A. LOUDON,
Ambassador of the Netherlands

The Netherlands Ambassador to the Secretary of State

HA-5340

MAY 28, 1947

MY DEAR MR. SECRETARY:

With reference to the Agreement for the settlement of lend-lease and other war accounts signed today between our Governments I am glad to confirm that, under the arrangements and procedures referred to in sub-paragraph 3C of that Agreement, the following claims of the Government of the Kingdom of the Netherlands against the United States War and Navy Departments are settled by the mutual undertakings in that Agreement:

A. Claims totalling \$3,682,274.60:

1. Claims in the amount of \$564,612.84 for certain articles and services supplied to the United States Armed Forces in the Netherlands from September 2, 1945 to March 31, 1946.

2. Claims in the amount of \$882,661.76 for all articles and services supplied to the United States Armed Forces in the Territories of Surinam and Curaçao from September 2, 1945 to August 31, 1946 (\$862,128.59 claimed from the United States Army and \$20,533.17 from the United States Navy).

3. Claims in the amount of \$1,500,000 for those articles (such as coal, wood and cement) which were supplied to the United States Armed Forces in the Netherlands under reciprocal aid procedures before September 2, 1945 and subsequently determined to be ineligible for reciprocal aid on the grounds that they were in very scarce supply and essential to the Netherlands economy and had to be replaced from abroad.

4. Claims in the amount of \$735,000 for airplanes (Beechcraft) originally bought and paid for by the Netherlands Government and turned over to the United States Army on the termination of the Netherlands Flying School at Jackson, Mississippi.

B. All other claims for articles and services supplied to the United States Armed Forces in the Netherlands from September 2, 1945 to March 31, 1946.

I should appreciate your advising me whether the foregoing is in accordance with your understanding.

Sincerely yours,

A. LOUDON

Ambassador of the Netherlands

The Honorable

GEORGE C. MARSHALL,

Secretary of State.

The Secretary of State to the Netherlands Ambassador

DEPARTMENT OF STATE
WASHINGTON
May 28, 1947

MY DEAR MR. AMBASSADOR:

I have your letter of today listing certain claims of the Government of the Kingdom of the Netherlands against the United States War and Navy Departments and stating that those claims are settled by the mutual undertakings in the Agreement for the settlement of lend-lease and other war accounts signed today between our two Governments. I am glad to confirm that your letter is in accordance with the understanding of my Government.

Sincerely yours,

G. C. MARSHALL

His Excellency

Dr. A. LOUDON,

Ambassador of the Netherlands

The Secretary of State to the Netherlands Ambassador

DEPARTMENT OF STATE
WASHINGTON
May 28, 1947

MY DEAR MR. AMBASSADOR:

In connection with the Agreement signed today between our Governments for the settlement of lend-lease and other war accounts, and your letter to me of today acknowledging settlement, among others, of certain claims of your Government against the United States War and Navy Departments amounting to \$3,682,274.60, I wish to advise you that the total number of Netherlands guilders in accounts of finance officers of the United States armed forces to be turned over to the Netherlands Government pursuant to the arrangements and procedures referred to in sub-paragraph 3C of the above mentioned Agreement is 61,390,703. This amount will be turned over to the Netherlands Government as soon as the Netherlands Government has made the payment of \$19,500,000 referred to in sub-paragraph 6A of the Agreement and executes appropriate documents in form acceptable to the War Department.

An additional amount of 31,552 guilders now in accounts of finance officers of the United States Army is shown by United States Army records to have been captured from the enemy. This amount will be turned over to the Netherlands Government unconditionally. If further examination of United States Army records should hereafter reveal that any portion of the above mentioned amount of 61,390,703 guilders was captured from the

enemy, the War Department will promptly pay to the Netherlands Government its dollar equivalent, computed at the rate of \$0.377415 per guilder. If other captured guilders are found among other guilder holdings of the United States Army, such captured guilders will be turned over to the Netherlands Government unconditionally. The United States Army, by arrangement with representatives of the Netherlands Government, will render any assistance agreed to be necessary to discover such items.

It is my understanding that the Netherlands Government agrees, upon request, to convert into dollars, at the rate specified above, guilders tendered by the United States Army up to an aggregate dollar value of \$100,000 over and above the 61,390,703 guilders above referred to and in addition to guilders acquired by the United States Army through official government channels. No request for conversion of guilders in excess of such \$100,000 will be made by or on behalf of the United States Army other than in respect to guilders acquired by the United States Army through official Netherlands Government channels.

It is further my understanding that this Agreement settles any claims that the Netherlands Government may have for guilder advances made to the United States armed forces in the Territories of Surinam and Curacao prior to September 1, 1946 and in the Netherlands in Europe prior to the date of this Agreement.

I should appreciate your advising me whether the foregoing is in accordance with your understanding.

Sincerely yours,

G. C. MARSHALL

His Excellency

Dr. A. LOUDON,

Ambassador of the Netherlands

The Netherlands Ambassador to the Secretary of State

HA-5341

MAY 28, 1947

MY DEAR MR. SECRETARY:

With reference to your letter to me of today concerning guilders held by the United States Armed Forces, I am glad to confirm that your letter is in accordance with the understanding of my Government.

Sincerely yours,

A. LOUDON

Ambassador of the Netherlands

The Honorable

GEORGE C. MARSHALL,

Secretary of State

An Officer of the War Department to the Netherlands Minister

28 MAY 1947

Mr. CH. J. H. DAUBANTON
Minister Plenipotentiary
Netherlands Embassy
1470 Euclid Street, N.W.
Washington 25, D.C.

DEAR MR. DAUBANTON:

In connection with the Agreement signed today between our Governments for the settlement of lend-lease and other war accounts and recent conversations between representatives of our Governments in that connection, I am glad to confirm that, upon presentation of appropriate documents in form acceptable to the United States Army, articles and services procured by the United States Army in the Netherlands and received after March 31, 1946 will be paid for in dollars by the United States Army in the European Theater and articles and services procured by the United States Army in the Territories of Surinam and Curacao and received after August 31, 1946 will be paid for by the United States Army in local currency presently held or to be acquired with the United States dollars.

It is understood that the liability of the United States Army to the Netherlands Government, including liability to the Governments of Surinam and Curacao, for procurement by the United States Army of articles and services received before the above mentioned dates is settled by that Agreement, which settles also other claims against the War Department as stated in that Agreement.

I shall appreciate your confirming that the foregoing is in accordance with your understanding.

Sincerely yours,

GEORGE J. RICHARDS
Major General, GSC
Budget Officer for the War Department

The Netherlands Minister to an Officer of the War Department

HA-5842

MAY 28 1947

DEAR GENERAL RICHARDS:

I have your letter of today concerning payment and other settlement for articles and services procured by the United States Army in the Kingdom of

the Netherlands. I am glad to confirm that your letter is in accordance with the understanding of my Government.

Sincerely yours,

CH. J. H. DAUBANTON
Minister Plenipotentiary

Major General GEORGE J. RICHARDS
Budget Officer for the War Department
The Pentagon
Washington 25, D.C.